

the state in which the real property is located insuring the title to the real property and the validity and enforceability of the mortgage, deed of trust or similar instrument as a first lien on the real property.

Sec. 23. Section five hundred twenty-four point nine hundred five (524.905), subsection six (6), paragraph e, subparagraph three (3), Code 1979, is amended to read as follows:

(3) On a financially responsible lessee of the real property provided that the lease shall be assigned to the state bank and the lease by its terms shall be sufficient to amortize the entire principal of the loan within a period of not more than ~~twenty~~ twenty-five years.

Approved June 8, 1979

## CHAPTER 129

### ELECTRONIC FUND TRANSFERS BY INDUSTRIAL LOAN COMPANIES

S. F. 211

AN ACT authorizing a corporation licensed under chapter five hundred thirty-six A (536A) of the Code to establish, own, operate, utilize, and participate in electronic fund transfer systems.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section five hundred twenty-four point eight hundred twenty-one (524.821), subsection one (1), Code 1979, is amended to read as follows:

1. A state bank may engage in any transaction incidental to the conduct of the business of banking and otherwise permitted by applicable law, by means of either the direct transmission of electronic impulses to or from customers and banks or the recording of electronic impulses or other indicia of a transaction for delayed transmission to a bank. Subject to the provisions of chapter 527, a state bank may utilize, establish or operate, alone or with one or more other banks, savings and loan associations incorporated under the provisions of chapter 534 or ~~the Home-Owners'-Loan-Act of 1933~~ ~~(12--U.S.C.--sections--1461-1463)~~ federal law, credit unions incorporated under the provisions of chapter 533 or ~~the federal-Credit-Union Act~~ ~~(12--U.S.C.--sections--1751-1790)~~ federal law, corporations licensed under chapter five hundred thirty-six A (536A) of the Code, or third parties, the satellite terminals permitted under chapter 527, by means of which customers and banks may transmit and receive electronic impulses constituting transactions pursuant to this section. However, such utilization, establishment, or operation shall be lawful only when, in compliance with chapter 527. Nothing in this section shall be construed as authority for any person to engage in transactions not otherwise permitted by applicable law, nor shall anything in this section be deemed to repeal, replace or in any other way affect any applicable law or rule regarding the maintenance of or access to financial information maintained by any bank.

Sec. 2. Section five hundred twenty-seven point two (527.2), subsections four (4), five (5) and six (6), Code 1979, are amended to read as follows:

4. "Financial institution" means and includes any bank incorporated under the provisions of chapter 524 or ~~under the national banking acts, Title 12, United States Code, sections 21 to 95~~ federal law, any savings and loan association incorporated under the provisions of chapter 534 or ~~under the Home Owners Loan Act of 1933, Title 12, United States Code, sections 1461 to 1468~~ federal law, and any credit union organized under the provisions of chapter 533 or ~~under the federal Credit Union Act, Title 12, United States Code, sections 1751 to 1790~~ federal law, and any corporation licensed as an industrial loan company under chapter five hundred thirty-six A (536A) of the Code.

5. "Premises" means and includes only those locations where by applicable law financial institutions are authorized to maintain a principal place of business and other offices for the conduct of their respective businesses; provided that with respect to an industrial loan company, "premises" means only a location where business may be conducted under a single license issued to the industrial loan company.

6. "Administrator" means and includes the superintendent of banking, the supervisor of savings and loan associations within the office of the auditor of state, and the administrator of the credit union department and the supervisor of industrial loan companies within the office of the auditor of state. However, the powers of administration and enforcement of this chapter shall be exercised only as provided in section 527.3.

Sec. 3. Section five hundred twenty-seven point three (527.3), subsection one (1), Code 1979, is amended to read as follows:

1. For purposes of this chapter the superintendent of banking only shall have the power to issue rules applicable to, to accept and approve or disapprove applications or informational statements from, to conduct hearings and revoke any approvals relating to, and to exercise all other supervisory authority created by this chapter with respect to banks; the supervisor of savings and loan associations only shall have and exercise such powers and authority with respect to savings and loan associations; and the administrator of the credit union department only shall have and exercise such powers and authority with respect to credit unions; and the auditor of state or his or her designee only shall have and exercise such powers and authority with respect to industrial loan companies.

Sec. 4. Section five hundred twenty-seven point four (527.4), Code 1979, is amended to read as follows:

527.4 ESTABLISHMENT OF SATELLITE TERMINALS--RESTRICTIONS.

1. A satellite terminal shall not be established within this state by any financial institution, except one whose principal place of business is located in this state, or one who has a business location licensed in this state under chapter five hundred thirty-six A (536A) of the Code.

2. A financial institution whose licensed or principal place of business is located in this state shall not establish a satellite terminal at any location outside of this state.

3. a. A financial institution may establish any number of satellite terminals within the boundaries of any municipal corporation, or any urban complex composed of two or more Iowa municipal corporations each of which is contiguous to or corners upon at least one of the other municipal corporations within the complex, if the principal place of business or an office of that financial institution is also located within the boundaries of that municipal corporation or urban complex. A financial institution shall not establish a satellite terminal at any other location except pursuant to an agreement with a financial institution which is authorized by the preceding sentence to establish a satellite terminal at that location and which will utilize the satellite terminal so established.

b. Paragraph a of this subsection does not apply to a corporation licensed under chapter five hundred thirty-six A (536A) of the Code. A corporation licensed under that chapter may establish within the boundaries of a municipal corporation, or an urban complex composed of two or more Iowa municipal corporations each of which is contiguous to or corners upon at least one of the other municipal corporations within the complex, any number of satellite terminals which are satellite terminals of a licensed business location of the corporation which is located within the municipal corporation or urban complex. The corporation shall not establish a satellite terminal at any other location except pursuant to an agreement with another financial institution which is authorized by the preceding sentence to establish a satellite terminal at that location and which utilizes the satellite terminal so established.

Sec. 5. Section five hundred twenty-seven point five (527.5), subsection two (2), unnumbered paragraph one (1), and subsections eight (8) and nine (9), Code 1979, are amended to read as follows:

2. The satellite terminal shall be available for use on a nondiscriminatory basis by any other financial institution which has its principal place of business within this state, and by all customers who have been designated by a financial institution using the satellite terminal and who have been provided with a physical object or other method, approved by the administrator, by which to engage in electronic transactions by means of the satellite terminal. No financial institution shall be required to join, be a member or shareholder of, or otherwise participate in any corporation, association, partnership, co-operative or other enterprise as a condition of its utilizing any satellite terminal located within this state. However, for purposes of complying with this subsection, a satellite terminal which is established and controlled by a bank is not required to be available for use by any savings and loan association or credit union or industrial loan company; and one established and controlled by a savings and loan association is not required to be available for use by a bank or credit union or industrial loan company; and one established and controlled by a credit union, is not required to be available for use by a bank or savings and loan association or industrial loan company; and one established by an industrial loan company is not required to be available for use by a bank or savings and loan association or credit union.

8. a. A satellite terminal shall not be operated in a manner to permit a person to credit any demand deposit account, savings account, share account, or any other account representing a liability of a financial institution to that person, except transfers between separate accounts of that person with the same financial institution, unless the satellite terminal is located either ~~(a)~~ (1) within the county in which that financial institution maintains its principal place of business or within a county which is contiguous to or corners upon the county in which that financial institution maintains its principal place of business; or ~~(b)~~ (2) within the boundaries of any municipal corporation or any urban complex composed of two or more Iowa municipal corporations each of which is contiguous to or corners upon at least one of the other municipal corporations within the complex, if an office of that financial institution which is not its principal place of business is also located within the boundaries of that municipal corporation or urban complex.

b. Paragraph a of this subsection does not apply to a corporation licensed under chapter five hundred thirty-six A (536A) of the Code. A satellite terminal shall not be operated in a manner to permit a person to credit any demand deposit account, savings account, share account, or any other account representing a liability of a corporation licensed under chapter five hundred thirty-six A (536A) of the Code to the person, except transfers between separate accounts of the person maintained at the same licensed business location of the corporation, unless the satellite terminal is located within the same county in which the licensed business location maintaining the account of that person is located.

9. a. A satellite terminal shall not be operated in any manner to permit a person to credit any demand deposit account, savings account, share account or any other account representing a liability of a financial institution, if that financial institution is located outside of this state.

b. Paragraph a of this subsection does not apply to a corporation licensed under chapter five hundred thirty-six A (536A) of the Code. A satellite terminal shall not be operated in any manner to permit a person to credit an account representing a liability of a corporation licensed under chapter five hundred thirty-six A (536A) of the Code, if the business location of the corporation where the original records pertaining to the person's account are maintained is located outside of this state.

Sec. 6. Section five hundred thirty-three point four (533.4), subsection eighteen (18), Code 1979, is amended to read as follows:

18. Engage in any transaction otherwise permitted by this chapter and applicable law, by means of either the direct transmission of electronic impulses to or from the credit union or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the credit union. Subject to the provisions of chapter 527, a credit union may utilize, establish or operate, alone or with one or more other credit unions, banks incorporated under the provisions of chapter 524 or ~~the-national-banking-acts~~ ~~(12--U.S.C.--sections--21-95)~~ federal law, savings and loan associations incorporated under the provisions of chapter 534 or ~~the-Home-Owners'-Loan-Act~~ ~~of-1933-(12-U.S.C.-sections-1461-1469)~~ federal law, corporations licensed

under chapter five hundred thirty-six A (536A) of the Code, or third parties, the satellite terminals permitted under chapter 527, by means of which the credit union may transmit to or receive from any member electronic impulses constituting transactions pursuant to this subsection. However, such utilization, establishment, or operation shall be lawful only when in compliance with chapter 527. Nothing in this subsection shall be construed as authority for any person to engage in transactions not otherwise permitted by applicable law, nor shall anything in this subsection be deemed to repeal, replace or in any other way affect any applicable law or rule regarding the maintenance of or access to financial information maintained by any credit union.

Sec. 7. Section five hundred thirty-four point nineteen (534.19), subsection twenty-one (21), Code 1979, is amended to read as follows:

21. ELECTRONIC TRANSACTIONS. Engage in any transaction otherwise permitted by this chapter and applicable law, by means of either the direct transmission of electronic impulses to or from the association or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the association. Subject to the provisions of chapter 527, an association may utilize, establish or operate, alone or with one or more other associations, banks incorporated under the provisions of chapter 524 or ~~the national banking acts (12--U.S.C.--sections--21-95)~~ federal law, credit unions incorporated under the provisions of chapter 533 or ~~the federal Credit--Union--Act--(12--U.S.C.--sections--1751-1790)~~ federal law, corporations licensed under chapter five hundred thirty-six A (536A) of the Code, or third parties, the satellite terminals permitted under chapter 527, by means of which the association may transmit to or receive from any member electronic impulses constituting transactions pursuant to this subsection. However, such utilization, establishment or operation shall be lawful only when in compliance with chapter 527. Nothing in this subsection shall be construed as authority for any association or other person to engage in transactions not otherwise permitted by applicable law, nor shall anything in this subsection be deemed to repeal, replace or in any other way affect any applicable law or rule regarding the maintenance of or access to financial information maintained by any association.

Sec. 8. Chapter five hundred thirty-six A (536A), Code 1979, is amended by adding the following new section:

NEW SECTION. ELECTRONIC TRANSACTIONS. A licensee may engage in any transaction otherwise permitted by this chapter and applicable law, by means of either the direct transmission of electronic impulses or other indicia of a transaction for delayed transmission to the licensee. Subject to the provisions of chapter five hundred twenty-seven (527) of the Code, a licensee may utilize, establish or operate, alone or with one or more other licensees, banks incorporated under the provisions of chapter five hundred twenty-four (524) of the Code or federal law, credit unions incorporated under the provisions of chapter five hundred thirty-three (533) of the Code or federal law, savings and loan associations incorporated under the provisions of chapter five hundred thirty-four (534) of the Code or federal law, or third parties, the satellite terminals permitted under chapter five hundred twenty-

seven (527) of the Code, by means of which the licensee may transmit to or receive from any customer electronic impulses constituting transactions pursuant to this section. However, such utilization, establishment or operation is lawful only when in compliance with chapter five hundred twenty-seven (527) of the Code. Nothing in this section authorizes a licensee or other person to engage in transactions not otherwise permitted by applicable law, nor does anything in this section repeal, replace or in any other way affect any applicable law or rule regarding the maintenance of or access to financial information maintained by a licensee.

Approved March 26, 1979

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CHAPTER 130  
FINANCIAL TRANSACTIONS

S. F. 158

AN ACT relating to financial transactions involving loans or deposits of money or extensions of credit which were affected by the provisions of Acts of the Sixty-seventh General Assembly, 1978 session, chapter one thousand one hundred ninety (1190), sections eleven (11) through twenty-four (24), and providing for the restriction or regulation of interest rates, charges and prepayment penalties in transactions which are subject to section five hundred thirty-five point two (535.2) of the Code, and providing for the restriction or regulation of the use of share drafts drawn on credit unions, and providing penalties.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Chapter five hundred thirty-three (533), Code 1979, is amended by adding the following new section:

NEW SECTION. SHARE DRAFTS.

1. As used in this section or chapter, unless the context otherwise requires:

a. "Share draft" means a negotiable draft which is payable upon demand and which is used to withdraw funds from a share-draft account. A share draft is an item for purposes of chapter five hundred fifty-four (554), article four (4), of the Code. The term does not include a draft issued by a credit union for the transfer of funds between the issuing credit union and another credit union or a bank, savings and loan association, or other depository financial institution.

b. "Payable-through bank" means the bank which is designated to make presentment of a share draft to the credit union for payment.

c. "Truncation" means the original share draft is not returned to the member.